GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3549
ANSWERED ON:07.09.2007
PRIORITY SECTOR LENDING FOR SUGAR INDUSTRY
Gadakh Shri Tukaram Gangadhar;Narhire Smt. Kalpana Ramesh

Will the Minister of FINANCE be pleased to state:

(a) whether sugar industry including the Sugar Co-operative of Maharashtra has been pressing proposal to make the sugar industry eligible for priority sector lending by commercial banks;

(b) if so, the details thereof; and

(c) the action taken by the Government thereon ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) , (b) and (c) : Government has been receiving various suggestions from the sugar industry. One of the suggestions was that the sugar industry, being agriculture based, may be classified under priority sector. Under the existing policy, loans to food and agro-based processing units with investments in plant and machinery upto Rs. 10 crore, undertaken by those other than individuals, SHGs and cooperatives in rural areas are treated as indirect finance to agriculture within priority sector. The matter was examined in consultation with the Reserve Bank of India (RBI). It is felt that the sugar industry, being of a large size, requires loans of substantially higher amounts. Thus, bank credit to other segments of the priority sector, particularly the small borrowers may be affected, if loans to sugar industry are included under priority sector lending.